

Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 NEA-10 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

AGR-20 CIAE-00 DODE-00 INR-10 NSAE-00 PA-03 USIA-15

PRS-01 L-03 COME-00 DRC-01 /155 W

----- 093084

R 141125Z SEP 73

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 7105

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E.O. 11652: N/A

TAGS: ETRD, EAGR, SU

SUBJ: SUDANESE WHEAT PURCHASES

REF: KHARTOUM 1604 AND SUBSEQUENT

1. PRESS SEPT. 11 ANNOUNCED THAT GOS HAD CONTRACTED TO PURCHASE 75,000 TONS WHEAT AT PRICE \$240.90 PER TON FOR TOTAL COST OVER \$18 MILLION. ARTICLE WENT ON TO NOTE THAT CURRENT PRICE COMPARED TO \$65 PER TON PAID LAST YEAR (SIC). EMBASSY INQUIRY WITH GOS CONFIRMED THAT WHEAT IN QUESTION WOULD BE FROM US UNDER CONTRACT OFFERED BY US FIRM TRADEX (WORKING THROUGH CARGILL). IN FACT, CONTRACT, WHILE UNDER CONSIDERATION, NOT YET SIGNED AS FINANCING STILL UNCERTAIN. GOS SOURCE NOTED THAT GOVERNMENT HAD ALREADY USED UP REMAINDER OF CCC CREDITS WITH PURCHASE OF 20,000 MT ON AUGUST 7, (PRICE OF \$208 PER TON).

2. COMMENT: GOS LIKE OTHERS CLEARLY CAUGHT IN SQUEEZE WHICH HAS SEEN PRICE ITS WHEAT PURCHASES RISE FROM \$65 IN FALL 1971, TO VICINITY \$95 IN NOVEMBER 72 TO \$117 IN APRIL/MAY THIS YEAR TO LATEST TWO PRICES. FACT THAT GOVERNMENT SERIOUSLY CONSIDERING PROCEEDING WITH CURRENT TRANSACTION WITHOUT CCC CREDITS SHOWS ITS NEAR DESPERATION INTENT AVOID BREAK IN WHEAT SUPPLIES AND NEED

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TO SHOW PUBLIC IT TAKING STEPS MEET BASIC COMMODITY NEEDS.

THIS FURTHER HIGHLIGHTS IMPACT (NOTED REFTEL) WHICH WOULD RESULT FROM FAVORABLE USG DECISION ON GOS REQUEST FOR ADDITIONAL CCC CREDITS. EVEN IF LATE FOR CURRENT PURCHASE (AND WITH FINANCING STILL IN DOUBT POSSIBILITY EXISTS THAT GOS WILL NOT GO AHEAD WITH THIS CONTRACT), SUCH DECISION WOULD BE SIGN OF USG SUPPORT IN VITAL AREA AND CREDITS WOULD BE EXPENDED QUICKLY, PROBABLY EARLY NEXT YEAR.

FRITTS

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Message Attributes

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